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C O N F I D E N T I A L THE HAGUE 001787

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STATE FOR EUR/UBI; OSD FOR FRANK KENLON, MARY MILLER

E.O. 12958: DECL: 08/14/2016
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SUBJECT: NETHERLANDS/JSF: OPEN-MINDED PARLIAMENTARY
DELEGATION EXPECTS...

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DELEGATION EXPECTS ANSWERS DURING UPCOMING VISIT
Classified By: Ambassador Roland Arnall, reasons 1.4 (b,d)

¶11. (C) Summary: A delegation of Dutch parliamentary Defense Committee members intends to keep an ""open mind"" during their upcoming ""fact-finding"" trip to Washington and Ft. Worth to discuss the Joint Strike Fighter (JSF) program. Parliamentary supporters and critics alike voiced concerns during an August 14 lunch with the Ambassador, including the U.S. political commitment to the program and affiliated budget discussions, technology transfer issues, prospects for Dutch business, defense acquisition priorities, the unit price of the aircraft, other technology advances such as unmanned aerial vehicles, and the creation of a ""maintenance valley"" in the Netherlands. End summary.

¶12. (U) Ambassador Arnall met August 14 for lunch with members of the Parliamentary Defense Committee delegation traveling to Washington and Ft. Worth on Aug. 27-30 to discuss the Joint Strike Fighter (JSF) program. In attendance for the Dutch were Parliamentary Defense Committee Chair Nebahat Albayrak (Labor Party), Luk Blom (Labor), Mat Herben (List Pim Fortuyn), and Gonne de Boer (Defense Committee staffer). Roland Kortenhorst (Christian Democrats), and Willibrord van Beek and Zsolt Szabo (VVD) also will participate in the trip, but were not able to attend the lunch. U.S. attendees included ODC Chief COL David Kelly and polmilooff Jason Grubb.

¶13. (C) Amb. Arnall stressed that the purpose of the lunch was to sound out parliamentary concerns in order to ensure Washington and Lockheed Martin were prepared to answer their questions during their upcoming trip. Albayrak noted that

the delegation was maintaining an ""open-mind,"" and hoped to use the trip as a fact-finding mission in order to arrive at ""well-informed "" positions on the program. She explained that JSF is a somewhat controversial issue, as it will be discussed in the campaign leading up to the parliamentary elections scheduled for November 22. She added that while delegation members Kortenhorst, Szabo, and van Beek could not attend the meeting, the two extremes of those supporting and opposing the mission were represented in the attendance of Herben and Blom. (Note: Szabo, van Beek, and Kortenhorst support the JSF program. End note.)

Supporter's Concerns

14. (C) Herben stressed that he was a strong supporter of the JSF program, noting that he had voted in favor of it twice -- ""no one doubts that JSF is the best bang for the buck,"" he said. He believed that the program was ""healthy,"" and would benefit the Dutch. He added that he was in favor of signing the follow-on MOU in the near future. However, Herben said he did have some concerns -- most of them related to the U.S political process. He described various JSF budget discussions in Congress and the deliberation over the second, back-up engine as vexing -- he hoped to receive a strong indication during meetings in Washington that the USG was strongly committed to the program. He also raised the issue of technology transfer -- like the United Kingdom, the Netherlands would like access to technology such as strategic software, Herben said.

Critic's Questions

15. (C) Blom presented a critical assessment of the program. While he agrees JSF is the ""best plane for the best price,"" he said his Labor Party would prefer to buy the plane off the shelf rather than participate further in the program. In his mind, he sees ""too many red stop lights"" in the program -- these concerns could be turned to ""orange or even green,"" but for now, he advocates leaving the program. Several concerns that he hoped would be addressed during the trip included:

-- Prospects for Dutch business: Blom argued that Dutch industry had not received enough contracts to warrant further participation in the program. He dismissed claims that non-participation in the program would signify the demise of the Dutch aerospace industry, and noted that most contracts were going to Dutch industrial giant Stork rather than Dutch small- and medium-sized businesses. Amb. Arnall and COL Kelly noted that Stork had subcontracted out to 40 Dutch industries, laboratories, and technical universities. Nevertheless, Blom said ""if you want to change my mind, then give us more contracts,"" and claimed that participation in the program thus far has not generated any new additional jobs for Dutch industry.

-- Strategic Defense: Blom noted that the Labor Party supported Dutch military deployments to Iraq and Afghanistan, and will likely support future deployments overseas to places like Africa. He questioned, however whether the JSF was the weapons system needed for such missions, or whether it made more sense to continue to upgrade the Dutch F-16s for a number of years, and spend money now on transport and armored vehicles. He reiterated that he supports buying JSF aircraft, but said the GONL must prioritize, and other needs should come first at the expense of JSF.

-- Technology transfer issues: Blom repeated arguments made by Herben that the Dutch should be granted access to critical program technologies like strategic software.

-- Aircraft Unit Price: Blom said he has repeatedly asked USG and Lockheed Martin representatives for the unit price of the plane, and has been told ""not to worry"" as the price of the plane will be approximately 40-50 million euros. Blom questioned whether this was accurate, especially as earlier line versions of the aircraft are estimated to be three times more expensive, and pointed to similar conclusions in a General Accounting Office (GAO) report. He has asked frequently for the ""end of the road,"" ""not to exceed"" (NTE) cost of the plane -- ""just tell me the ceiling,"" Blom said.

-- Other technological advances: Blom noted new advances in unmanned aerial vehicles (UAVs) might suggest that the Dutch delay or even forego purchasing JSF. Polmiloff said the delegation would receive a brief in Washington making clear that UAVs were complimentary to -- but could not replace -- manned systems.

Maintenance Valley; Gripen Fighter?

¶6. (C) Albayrak suggested that the program was more complicated than just a Dutch-U.S. bilateral issue, and pointed to Dutch discussions with other European partners to potentially form a European footprint ""maintenance valley"" in the Netherlands. Blom and Albayrak acknowledged that a maintenance valley could be a factor in determining whether the Labor Party could support the JSF program. However, Blom questioned what the maintenance valley would entail. He argued that a facility focused on just engine maintenance and sustainment might mean an additional 300 new jobs for the Netherlands, and therefore not worth continued Dutch participation in the program. However, if the facility were to involve development and production of the second back-up engine, then this might mean an additional 1,500-2,000 jobs -- this would be hard to ignore. Albayrak also said that Dutch parliamentarians are interested in discussions with Norway regarding a new Gripen ""Nordic"" fighter, and asked if the technical air optimization report would be released by the end of 2006.

Transatlantic Ties

¶7. (C) While Herben agreed that JSF program participation exceeded just the U.S.-Dutch relationship, he nevertheless pointed to the program's significance to the transatlantic relationship. Blom stressed that he was a strong proponent of transatlantic ties, and said his opposition to the JSF program should not cast any doubts in that regard.

Interpreter Requested

¶8. (U) Blom noted that his English was perhaps not as strong as other delegation members. Given the importance of the trip, he asked if it might be possible for an interpreter to be available during the delegation's meetings.

BLAKEMAN